



MIAMI BEACH

OFFICE OF THE CITY MANAGER

NO. LTC # 272-2007

LETTER TO COMMISSION

TO: Mayor Matti H. Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: December 7, 2007

SUBJECT: Miami Beach Convention Center Annual Report

Attached for your information is the recently produced Annual Report for Fiscal Year 2006/07 for the Miami Beach Convention Center. This document reflects highlights, bookings, and operating results for the year. We are pleased to present this document to reflect one of the most successful years in the history of the Miami Beach Convention Center.

Please contact me if you have any questions.

JMG:pw

Attachment

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CITY CLERK'S OFFICE

MIAMIBEACH **convention** center

A stylized graphic element consisting of a dark blue wavy line that transitions into a green and yellow swoosh, positioned below the word 'convention'.

annual report
fy 06-07



*Worldwide Entertainment and
Conference Venue Management*

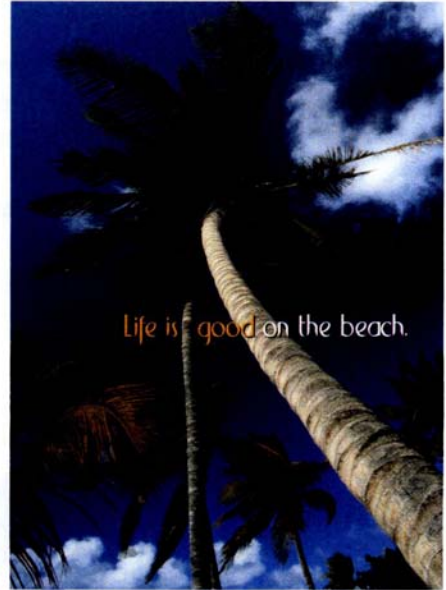
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The Year in Review

As Fiscal Year 2006-07 draws to a close, we are pleased to report that the Miami Beach Convention Center enjoyed one of its most successful years ever. From revenues to operating results and from occupancy figures to customer satisfaction ratings, our recent advertising tag of "Life is Good on the Beach" has never rung more true. It was a year of transition for our management team, with the closing of the venerable Jackie Gleason Theater as it was made ready for its new life as The Fillmore Miami Beach. More importantly, it was a year of significant growth as a trade show venue emphasizing its *Gateway to the Americas* positioning.

For the year, the Miami Beach Convention Center saw an occupancy rate of over 70% for only the second time in its history, a level of business seen before only in the post-expansion heyday with a 72% rate in 1995. This number reflects an effectively full building: most industry experts agree that, due to inherent booking inefficiencies and unsellable holiday periods, 70% is considered a practical maximum capacity. Even more encouraging, however, is the year-round balance which was achieved. Our busiest month in terms of most days with at least one exhibit hall show open to the public was July, where 23 of 31 days saw the lights on for public attendees. Certainly a far cry from the days of old in Miami Beach when "seasonality" was the norm and no one could be found in the summertime!



The Miami Beach Convention Center was pleased to host a number of prestigious events throughout the year. Annual signature events Miami International Boat Show and Art Basel Miami Beach continue to be considered world leaders in their respective disciplines. Relative newcomer trade shows International Boat Builders Exhibition (IBEX) and HD Boutique, a hospitality design show for the boutique hotel industry, showed remarkable growth, moving from small move-up/start-up shows just four

years ago into their current four-hall user configurations. Medical conventions for the American Speech-Language-Hearing Association, American Association of Blood Banks, and American Association of Immunologists enjoyed successful South Beach annual events. We hosted our first national sporting competition booked by the fledgling Miami-Dade Sports Commission, the USA Fencing Summer National Championships. National Council of La Raza welcomed Democratic Presidential frontrunners Hillary Clinton and Barack Obama, and the American Choral Directors Association saw the finest choirs from around the nation visit our destination. Last but not least, we were proud to host the Media Center for Super Bowl XLI, putting the

thousands of journalists here to cover the Indianapolis Colts win over the Chicago Bears in the heart of South Beach, once again proving why South Florida is the ultimate Super Bowl site.



The booking calendar also included a listing of social galas occurring at the Center following the lifting of a prohibition of such predominantly meeting room-sized events. We successfully hosted major events for the Miami Art Museum, the Jackson Memorial Hospital Foundation, Big Brothers/Big Sisters, Amigos for Kids, and the Law Enforcement Officer (LEO) Awards. This revision also enabled us to significantly increase our exclusively-meeting room business, with rental revenues for the year exceeding \$300,000.

The staff of the MBCC continued our work with the City of Miami Beach to help keep the building in top shape. As the year closed, we were within weeks of completing the final phase of our restroom renovation project, which has brought totally new facilities to all 46 public restrooms throughout the Center. We also completed installation of the fourth and final replacement chiller, bringing increased efficiency to the HVAC systems in the venue.

With all of the successes of the year counted, perhaps the one of which we are most proud are our client survey results. Our Sales and Event staffs continue to receive overall positive responses from our clients in excess of 97%. Our Operations department this year saw its percentage of positive responses climb to 94%, validating our successful efforts to continue to meet and exceed our clients' logistical needs. We also saw Centerplate, our exclusive food and beverage provider, raise their positive response rates to nearly 93%, a significant improvement over the prior year.

It is with great pride that we present this overview of our most recent year, and look forward to many more great years at the Miami Beach Convention Center.

Sincerely,



Doug Tober
Senior General Manager



Miami Beach Convention Center Events

Exhibit Halls

Conventions

American Association of Blood Banks
American Speech-Language-Hearing
Association
American Choral Directors Association
International Congress of Esthetics

American Association of Immunologists
National Council of LaRaza
Association of Defense Communities
International Catholic Stewardship Council

Trade Shows

Jewelers International Showcase (3)
International Boatbuilders Exhibition
PaperWorld USA
IFE America - America's Food & Beverage
Show
Miami Gift Show (2)
Trafik Tradeshow (2)
Miami Beach Shoe Market (3)
Graphics of the Americas
Seatrade Cruise Shipping Convention
International Beauty & Barber Show
IDEA 2007
Intele-Card News Expo

Sysco Sales Meeting & Tradeshow
SPESA Expo 2007
Material World
Fispal Latino Food Fair & Forum
Ad: Tech Media Marketing Technology
Swimwear Association of Florida Swimshow
America's Security/Fire Expo
Florida International Medical Expo
Idea Factory 2007
HD Boutique
DadePaper Greensafe & Innovations Expo

Public Shows

South Florida International Auto Show
Antique Jewelry & Watch Show
Jobing.Com Career Expo
Art Basel Miami Beach
The Great Merchandise Sale
Hot Import Nights
Art Miami
Original Miami Beach Antique Show
Franchise Expo South
Saturn TotalHealth & Fitness Expo
Miami International Boat Show

Arteamericas
Miami Home Design & Remodeling Show (2)
Collector Car Auction & Show
Exxxotica Miami Beach
NBC 6 Health & Fitness Expo
South Florida Boat Show
DUB Super Series
South Florida Home & Family Expo
International Gem & Jewelry Show
Miami International Wine Fair
Tuning Show Latino

Other Exhibit Hall Events

Miami Art Museum Gala
City of Miami Beach Fleet Auction
DHS Naturalization Ceremonies (3)
NFL Super Bowl XLI Media Center
Jackson Memorial Foundation Gala
Bots IQ National Robotics Competition
Chartered Financial Analyst Exam

Liberty of the Seas Banquet
Amigos for Kids Celebrity Domino Night
USA Fencing Summer Nationals
Masiva
Union Training – Local 1175
O YOU!

Miami Beach Convention Center Events

Meeting Rooms

Alliance for Human Services People to People Student Ambassador Meeting	Integrative Nutrition Immersion Conference LEO Awards
Johnnie Walker Promotional Marketing Event Citizen Systems Training Seminar Miami International Wine Fair	GMCVB Customer Service Seminar Big Brothers / Big Sisters Gala Society of Independent Show Organizers Dinner
TNT/MINT Meeting Gordon Food Service "Rescuers in the Ring" Charity Boxing Event Scion Vehicle Release Children's Cancer Caring Center Holiday Party Shomex Diversity Career Fair	Moët-Hennessy USA Hitting the Mark American Dance Projekt AOHT Student Conference AMD Spring Tech Tour University of Miami Medical Student Convention
City of Miami Beach Passport Applications (3) SPESA Board Meeting Internet Dating Litigation Strategies (5) ESPN Super Bowl 2007 Production Offices Land Auction.com (3) Wedding Expo Home Box Office Production Offices South Beach Wine & Food Festival An Evening with Bishop Jordan	CLIO Awards Dodge Car Clinic Project # 2275 - Car Clinic Unidad of Miami Beach Student Training Nova Meetings Centerplate FIU Networking Reception Sprint International Blackberry Launch Regent Bal Harbour Job Fair Women in Sport Adobe CS3 InDesign Seminar Tour

User Survey Results

At the conclusion of each event, an online survey is forwarded to our users for their review of our performance. The users are given a choice of Excellent, Good, Fair, or Poor ratings for over 50 different areas of our service at the MBCC. We then group the Excellent and Good responses as positive and the Fair and Poor responses as negative. We are proud that our overall results have continued to improve this year.

	Positive	Negative
Sales	98.6%	1.4%
Event Management	97.5%	2.5%
Building Operations	94.0%	6.0%
Telecomm / Internet	87.3%	12.7%
Audio Visual	91.2%	8.8%
Food & Beverage	92.9%	7.1%
Other Services	83.2%	16.8%
Overall Impression	97.8%	2.2%
Grand Total	92.5%	7.5%

Event Usage Snapshots

- For the year, we hosted 125 separate events at the MBCC
- Of those 125 events, 75 utilized exhibit halls
- Those 75 events included 8 conventions, 29 trade shows, 23 consumer shows, and 15 other events
- Occupancy percentage for the year was 70.82%, up from 60.55% in FY 2005-06
- Hall D had the highest occupancy at over 76%; Hall A was the least used at 64%
- The total attendance for MBCC events across the year was 707,133
- In addition to the above events, we serviced 72 meetings for other City departments
- Our largest revenue producing event was the South Florida International Auto Show, which produced over \$1.1 million in revenue to our operations

Exhibit Hall Occupancy Percentage by Type

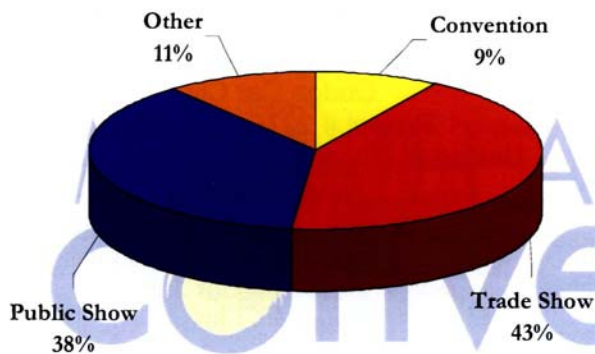


Exhibit Hall Events by Type

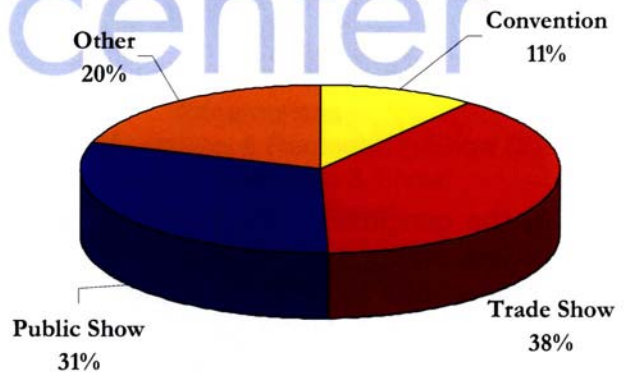
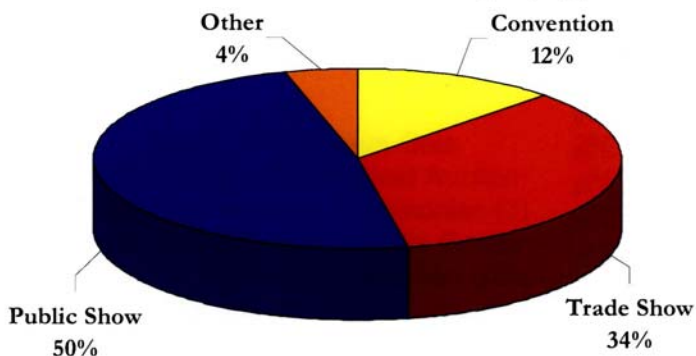


Exhibit Hall Revenue Percentage by Type



Financial Results (Unaudited)

For the year, the Miami Beach Convention Center exceeded its revenue budget by over \$1 million, returning a net operating deficit of \$704,822. In accordance with the Management Agreement, when the senior executive compensation expenses are excluded and reallocated to the Management Fee line on the City's financials, the facility showed a \$51,159 operating profit. It should also be noted that the below numbers reflect financials for the Miami Beach Convention Center only; the combined financials including the Jackie Gleason Theater, which operated under SMG through June 2007, reflected a Total Net Operating Loss of \$428,836 (excluding Executive Compensation), an improvement of \$1,067,534 as compared to budget.

	FY07 Actual	FY07 Budget	Variance	FY06 Actual
Income				
Rental Income	\$5,357,599	\$4,869,890	\$487,709	\$4,771,312
Service Income	(708,435)	(677,534)	(30,901)	(731,028)
Direct Event Income	4,649,164	4,192,356	456,808	4,040,284
Food & Beverage	1,854,432	1,405,672	448,760	1,485,675
Telecommunications	104,138	248,877	(144,739)	274,302
Internet	192,403	160,448	31,955	235,202
Electrical	1,309,551	1,052,502	257,049	998,718
Audio/Visual	35,446	75,172	(39,726)	137,616
Other Ancillary	0	0	0	43,801
Total Ancillary Income	3,495,969	2,942,671	553,298	3,175,314
Total Event Income	8,145,133	7,135,027	1,010,106	7,215,598
Other Operating Income	341,167	266,592	74,575	307,931
Adjusted Gross Income	8,486,300	7,401,619	1,084,681	7,523,529
Expenses				
Executive	497,961	460,010	37,951	446,824
Finance	655,015	609,408	45,607	591,594
Marketing	104,027	219,444	(115,237)	204,149
Operations	3,364,951	2,902,188	462,763	3,420,759
Event Management	411,844	388,452	23,392	374,385
Client Utilities	23,713	0	23,713	308,809
Sales	348,527	397,632	(49,105)	325,965
Overhead	3,784,904	3,981,012	(196,108)	3,399,975
Total Indirect Expenses	9,191,123	8,958,146	232,977	9,072,460
Net Operating Income / Loss	(704,822)	(1,556,527)	851,705	(1,548,931)
Executive Compensation	(755,981)	(775,068)	19,087	(768,695)
Total Net Operating Income / Loss	\$51,159	(\$781,459)	\$832,618	(\$780,236)

Acknowledgement of Officials

City of Miami Beach

David Dermer, Mayor
Matti Herrera Bower, Commissioner
Michael Gongora, Commissioner
Jerry Libbin, Commissioner
Simon Cruz, Commissioner
Saul Gross, Commissioner
Richard Steinberg, Commissioner
Jorge M. Gonzalez, City Manager
Hilda Fernandez
Assistant City Manager
Max Sklar
Director, Tourism & Cultural
Development

Convention Center Advisory Board

Randy Heimler, Chairman
Jeff Lehman
Leon Manne
Carole Taran
Edward Levinson
Ivor Rose
Joe Fontana (in memoriam)
Eva Barreto, ex-officio
Hilda Fernandez, ex-officio
Ita Moriarty, ex-officio
Doug Tober, ex-officio

SMG

Wes Westley, President & CEO
Bob McClintock, Senior Vice President SMG Convention Centers
Doug Tober, Senior General Manager
Steve Clark, Director of Operations
Kay Hollander, Director of Sales & Marketing
Eric Nealy, Assistant General Manager
Barbara Gray, Director of Finance
Joy Martin, Director of Event Services